

**STATE OF ALABAMA
CDBG DISASTER RECOVERY FUND
ACTION PLAN**

Goals

The CDBG Disaster Recovery Fund is established in response to the devastation in the State of Alabama caused by Hurricane Ivan in September 2004 and the subsequent **Presidential Declaration of Disaster** for all sixty-seven counties in the State. The following are the primary goals of this Fund:

1. To assist units of local governments in recovering from damages inflicted by the disaster.
2. To aid in speedy restoration of the economic, social and cultural viability of communities impacted by Hurricane Ivan.
3. To provide for mitigation against the results of future hazards.

Responsible Entity

The Alabama Department of Economic and Community Affairs (ADECA) will be responsible for administration and oversight of the CDBG Disaster Recovery Fund program.

Program Objectives

In accordance with the **Housing and Community Development Act**, proposed activities will meet at least one of the following statutory objectives:

1. Benefiting at least 51 percent low- and moderate-income persons,
2. Preventing or eliminating slum or blight, or
3. Meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

Program Policies/Priorities

The community administrators across the State have indicated many needs relating to the damage inflicted by Hurricane Ivan and mitigation needs to prevent recurring damage resulting from future disasters. The needs range from repair of infrastructure and housing to new drainage and community shelters. The State program will be guided by the following policies:

1. Assist as many persons as possible.
2. Fund activities that can be carried out as expeditiously as possible.
3. Direct funds to areas with the greatest needs.
4. Fund activities that will have the greatest impact.

The State will use the following order to prioritize needs:

1. Provide for cleanup and clearance to remove danger to life and property.
2. Address needs in areas where lives of people have been severely disturbed due to disaster.
3. Provide for mitigation activities to guard against damage from future disasters.

Fund Availability

A total of \$500,000 is proposed to be awarded to Alabama and will be distributed to the hardest hit municipalities and counties including entitlement communities and Indian Tribes throughout the State. These funds are proposed to be awarded according to criteria described under "Evaluation of Applications".

Grant Ceilings

The ceiling for each grant will be \$400,000 with a provision of waiver for severe extenuating circumstances. No jurisdiction will be allowed to submit more than one application for these funds, except the State may allow additional applications on a selective basis after the application deadline date if in the opinion of the State submitted projects in totality will not permit the State to meet the mandate that funds be directed to areas with the greatest needs or no more than 50 percent of the funds can be used for activities that meet the national objectives related to prevention of blight or urgent need. The State may also exercise discretion to fund only portions of requested projects to distribute funds more broadly for strong disaster and mitigation related activities.

Thresholds

Thresholds related to closeouts and other issues not mandated by law or regulation will not apply to disaster recovery funds. However, the following thresholds will be applicable to jurisdictions applying for these funds:

1. There must be a clear and compelling need related directly to post hurricane clearance, recovery or mitigation of future disasters.

2. No disaster recovery assistance will be considered with respect to any part of a disaster loss that is reimbursable by Federal Emergency Management Administration (FEMA), eligible for Small Business Administration (SBA) assistance, insurance or other source (restriction against duplication of benefits).
3. Activity underway prior to a Presidential disaster declaration will not qualify unless the disaster directly impacted the project.
4. The request for disaster recovery assistance must include a public match of at least 10 percent or its equivalent value from a non-federal source. (The State may consider a waiver from the match requirement on a selective basis due to community's economic distress provided the cumulative match from all approved grants meets ten percent statutory match requirement.)

Method of Fund Distribution

The State will invite applications from eligible jurisdictions and review applications for documented need. Each application will be reviewed to capture the following information:

1. Input from State Emergency Management Agency (EMA) or other appropriate entities regarding priority of activities.
2. The economic conditions of the applicant and ability to address debris removal, recovery efforts and mitigation.
3. The magnitude of damage in the community and need for clearance, debris removal, long-term recovery and mitigation.
4. Other sources of funds received by the community.
5. Community's capacity to implement project expeditiously.

The State will generally utilize the point scoring system described under the "Evaluations of Applications". However, since there are statutory considerations (e.g. no more than 50 percent of funds can be used for clearance of blight and urgent need; funds must be directed to areas of greatest needs; ten percent match, etc.) plus the fact that there is no history to competitively rate disaster applications, the State will exercise discretion to override point score to fund (or not fund) projects with documented reasons for such action. This discretion is designed to serve as a "safe harbor" to assure compliance with the law and HUD rule and ensure that disaster funds are used to maximize impact.

Evaluations of Applications

The applications for disaster recovery grant assistance will be scored based on the following criteria:

Jurisdictional Need/Distress	35 points
Magnitude of Damage	50 points
Unmet Need	50 points
Cost Reasonableness	50 points
Project Impact	65 points
Local Efforts/Capacity	50 points

Jurisdictional Need/Distress – Points under this criterion will be jointly determined based on the relative standing of the jurisdiction based on the 2000 Census data regarding the percent of households having incomes of less than 80 percent of the statewide median income, and the most recent unemployment data.

Magnitude of Damage – This will be a qualitative assessment of extent of damage suffered by the community and its effect on the lives of local residents.

Unmet Need – Points under this category will be awarded based on the cleanup, recovery and mitigation needs that remain after taking into consideration the full extent of the damage suffered by the community and the activities completed and/or are underway towards bringing normalcy to quality of life in the community.

Cost Reasonableness – Points under this category will be awarded based on the cost effectiveness of the proposed activities. Subject to the type of activity involved, the more dollars it takes to benefit each person, less points will be awarded.

Project Impact – This category will allow the State to judge impact the proposed activities will have towards meeting cleanup, recovery and mitigation needs.

Local Efforts/Capacity – This category will allow the State to reward communities for local efforts consisting of cash, in-kind work, donations or other inputs already contributed or proposed towards addressing disaster related needs. The State will also take into consideration local capacity to carry out the proposed activities expeditiously and in compliance with applicable rules.

Budget

Disaster Clearance, recovery and Mitigation Activities	\$490,000.00
Administration	<u>\$ 10,000.00</u>
Total	\$500,000.00
Ten-percent Match (from local source)	\$ 49,000.00

Schedule

A Notice of Public Hearing was announced in the four major State newspapers on January 14, 2005, and the chief elected officials were also notified through the U.S. Postal Service. The hearing was held on February 2, 2005. Following the March 10, 2005, submission of this Action Plan for approval by the U.S. Department of Housing and Urban Development, the State will hold a Disaster Recovery Fund Workshop on March 15, 2005. Applications will be accepted from March 16 through June 3, 2005. The applications will be reviewed and awards made by late summer 2005. All activities will be completed and the program closed-out within forty-eight months after the release of funds by HUD.

Summary of Citizen Comments

A summary of citizen comments received at the February 2, 2005, public hearing is listed below.

Comment 1: Will funds be targeted to communities with direct damage or will they be available for mitigation?

Response: We will be looking at priorities. While we will be looking at those counties hardest hit first, we will not rule out the other counties.

Comment 2: Is the limit for all communities \$400,000?

Response: Yes, the limit for all communities is \$400,000. However, there is a waiver provision and a second round of funding may be available as well.

Comment 3: It is my understanding that not all money has to go to low- and moderate-income projects. Some of the projects can be slum/blight or urgent need.

Response: Up to 50% of these funds may be spent on projects that fall under slum or blight or urgent need.

Comment 4: Why is jurisdictional need a factor? This is not a competitive grant program; it is a disaster recovery program. If the project is LMI eligible, need factor should not be an issue.

Response: We will make note of your comment.

Comment 5: Why can't this application process use FEMA rating numbers rather than jurisdictional need factors as a rating criterion?

Response: We will be getting EMA input as part of our review process. However, due to privacy, they are unable to give us all of the information we need. You may submit any EMA data you have as part of your application. Additionally, some of their overall scores include damages to timber interests, etc., which is not consistent with our program objectives.

Comment 6: Can communities apply for full amount of HMGP if not part of Ivan? Can communities submit application speculatively if not sure what amount of money they will be receiving from other sources?

Response: Communities may submit applications under both programs.

Comment 7: If a community applies for these HUD funds as match for a FEMA project, and the FEMA project is not funded, then will the community lose those funds? Will they be allowed to amend the project to do something else with the funds?

Response: We will try to work with individual communities to coordinate with their FEMA applications. We can partially fund a project.

Comment 8: So we are basically leaving our HUD money on the table because of your grant deadline and your one application limit. If we don't get FEMA funding, we would lose the money we asked for as match, when we should have asked for the full \$400,000? Or, since we won't know if we are getting the FEMA funding, we may apply for funds that won't be needed so we don't address another project.

Response: Waivers will be looked at on a case by case basis.

Comment 9: The size of the community doesn't matter? This program has the same \$400,000 grant ceiling for a town of 5,000 or a city of over 30,000?

Response: A waiver may be available.

Comment 10: Can housing rehabilitation benefit high income?

Response: Housing is not covered by urgent need or slum/blight. Typically, high income households have insurance anyway, so we wouldn't be able to use HUD funds for damages covered by another program or insurance. We could do infrastructure repairs in a high income neighborhood if the project can qualify under the urgent need.

Comment 11: The \$400,000 ceiling is a bad idea. Shouldn't be set up to spread the money around to as many communities as possible, it should be set up to go to the communities with the most damage.

Response: We will make note of your comment.

Comment 12: If a jurisdiction is limited to one application, may the application include multiple, unrelated activities?

Response: Yes.

Comment 13: Is a buy-out project ok?

Response: A community is free to try that type of project. However, due to the high cost per beneficiary, it may be a difficult type of project to justify.

Comment 14: Are there things CDBG funds can be used for that FEMA funds cannot be used for?

Response: Both programs will probably be doing some of the same things, but FEMA may be doing more mitigation.

Comment 15: Can both counties and cities apply?

Response: Both cities and counties can apply, but a county must apply for an activity outside city limits.

Comment 16: Use the FEMA assessment numbers of public damage rather than jurisdictional need for the rating criteria.

Response: We will make note of your comment.

Monitoring Plan

The State will oversee all activities and expenditure of funds to ensure full accountability. The State will follow the same monitoring system for the disaster recovery grants as it utilizes for its traditional Community Development Block Grant program.